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**THE NETHERLANDS EAST INDIES
COMES OF AGE**

BY

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THE NETHERLANDS EAST INDIES
COMES OF AGE

Second Printing

by

DR. BARTHOLOMEW LANDHEER



ALTHOUGH colonial conquest may have offered difficult problems in reality, the philosophy of that period was relatively simple. A colony, to the mind of the conquistadores and merchant adventurers of the sixteenth and seventeenth centuries, was a territory which was supposed to yield profits: no more and no less. Gradually there were changes in this philosophy but the fundamental aspects remained the same over a long period. However, one could say that the attitude gradually changed from the crude business point of view to the enlightened one of benevolent capitalism. Beyond this stage few dependencies advance unless they acquire a status similar to that of the British dominions. In this case the relation becomes to a large extent cultural although it should be stressed that economic relations, which are beneficial to both parties, grow into a stage of permanency and durability.

If the relationship between a mother-country and a dependency survives the test of temporary separation, it seems safe to assume that the two social groups both regard their connection as productive and constructive.

At present, the Netherlands East Indies is undergoing this test and the way it has reacted cannot but have given intense satisfaction to the Netherlands who has been frequently attacked and criticized for her colonial policy, like most other colonial powers. It is in itself astonishing that a small country with 8 million inhabitants controlled for more than three centuries a territory half the size of Europe and with more than 60 million inhabitants.

There is, perhaps, a certain exaggeration in this statement as the control of the Netherlands was limited, until the beginning of the 20th century, to Java and a few outposts in the other islands. But the Dutch at least succeeded in maintaining their position and preventing the rise of native rulers who might have threatened their position in the Archipelago.

Since 1922 the Dutch constitution changed its designation

of the Far-Eastern and West-Indian possessions from "colonies" to "territories." This change intended to express the greater political maturity and independence of the Indies. Prior to the war the amount of self-rule had become quite significant. The Crown appointed the governor-general, and legislation on a few matters was reserved for the Dutch parliament, but otherwise the Netherlands East Indies had a considerable although undefined amount of self-government. The division of power between the Crown, the Colonial Department at the Hague, the Governor-General and the "Volksraad" (People's Council) has always remained somewhat vague. The highest legislative power in regard to the Colonies belongs to the Crown and parliament but is delegated within the framework of the East Indian Act to the governor-general who exercises it in collaboration with the "Volksraad."

The "Volksraad" was instituted in 1918 when the wave for democracy which swept through the world also reached the Indies. Its members are partly appointed and partly elected by indirect suffrage.

Since the invasion of Holland, the Indies has been thrown entirely upon its own resources. The Nationalist movement, which for the past 20 years was a source of worry to the Dutch Indian government, has kept strangely quiet and not shown any signs of dissension. The best explanation of this is that the nationalist groups realized that they can gain a far greater amount of independence within the framework of the Dutch Empire than they ever could if the Dutch East Indies would come under the dominance of other powers.

Since the war, the Indies has developed what a Dutch-Indian economist calls: the Indocentric point of view. This means that the inhabitants of the Indies, natives as well as Eurasians and Europeans, began to realize that the Indies has to find its own function in a continuously changing world.

Conditions change so rapidly that important decisions may become necessary in such a short time that consultation with Europe would be difficult, even under normal conditions. Lately the Indies has been seen mainly under the light of its relations with Japan.

The entrance of Russia into the war has brought a number of new aspects which are difficult to realize. Lately many well-informed observers began to believe that Japan's expansionist policies may well have reached their possible limits. However, Japan's attack upon the United States has spoilt these illusions which were still cherished by too many people. The strength of the defensive position of the Allies has been overestimated.

As far as the Dutch East Indies is concerned, a strategic line has been developed, stretching from Singapore to Australia, which was supposed to have a restraining influence on Japanese ambitions southward.

It was reported that the United States, Britain, China, British India, Australia and the Netherlands Indies concluded a military and naval pact to strengthen their defenses in the Far East. The Dutch Indian government officially denied such a pact but it is obvious that all these powers are interested in the preservation of the status quo and will undoubtedly support one another to a certain degree. Protection of communication lines linking South Africa, British India, Singapore, Hong Kong, Manila, Australia and the United States is so vital to all these nations that they can ill afford to stand by in case of aggression.

Russia's entry into the war has changed the picture completely. The war started as a struggle between Germany and the British Empire in which Japan was an interested observer, ready to jump at British, French and Dutch possessions in case of British defeat, only afraid of American intervention.

After the conquest of continental Europe, Hitler began

to proclaim that united Europe was struggling against the wicked plutocracies. By doing this he created the spectre of a Europe under one leader, efficiently organized, and thus he certainly created a nightmare for statesmen in all parts of the world. England has always fought against the hegemony of one European power because England could never exist with a unified Europe on the other side of the channel.

A united Europe would equally be a constant threat for Russia so that Russia clearly realized that there was no choice left and that she could never cooperate with a growing Germany, mainly stalling for time but never friendly in its ultimate intentions. For the United States also the unity of Europe, and subsequently a defeat of Britain, would be a serious threat. Germany, with the vast labor supplies of Europe at its disposal, would over-run all South American markets and undoubtedly be capable of stirring up political unrest inside the United States.

The combination of the British Empire, the United States and Russia has beyond doubt clarified the political picture, inasfar as it brings those powers together which cannot tolerate a unified and Germany-dominated Europe.

As far as Japan is concerned, this change is exceedingly significant. While Japan has a fair chance of success for a lightning war against Allied possessions in the Pacific, it will hardly be in a position to engage in a major and probably long war with the three largest powers of the world. It seemed until recently premature to take it for granted that the United States would oppose Japanese expansion southward. Japanese aggression solved the problem once and for all.

Should Germany succeed in annihilating the Russian army Japan might feel tempted to make also a move toward Siberia. So far there are few indications that Russia is going to suffer a swift defeat. Even if the Germans advance toward the Urals, there would still be a tremendous territory left where

efficient resistance could be organized with British and American aid. Even a total collapse of Russia would leave the Germans with so many problems that they would hardly be able to break English resistance as well and bring about a reverse in the American policy of aiding the Allies.

This change in international affairs undoubtedly gave the Netherlands East Indies a breathing spell. To regard Russia as an ally may be a difficult step for die-hards and conservatives but no one can deny the tremendous advantage for the Allies of Germany now fighting a war on two fronts.

The new war of Japan in the Pacific has not improved the situation of the Axis. It has brought the American-English policy of appeasement in the Pacific to an end and Japan now faces an extremely difficult situation. Anglo-American plans for joint action have reached such a stage that official quarters are confident of the outcome of an armed conflict with Japan. Economically there can hardly be mention of a conflict, because the loss is all Japan's who exports commodities which the United States can do without, while her imports consist mostly of vital raw materials. By occupation of Indo-China Japan obtained an annual production of 65,000 tons of rubber, 2,500 to 3,000 tons of tin, 1,500,000 to 2,000,000 tons of rice and some tungsten, zinc and anthracite. Japan has to import practically all iron, oil, copper, lead, nickel, aluminum, vanadium and coal.

The stocks of oil are supposed to be sufficient for two years normal consumption while stocks of other vital raw materials are considerably less. Even a swift seizure of important areas would hardly solve this problem as the supply and transportation problem would remain.

In the defense of the entire Pacific area, the Netherlands East Indies plays a significant role. There is no need to deny that, under the influence of the pacifist policies of the home country, the army and navy were neglected until the inter-

national situation became threatening after Hitler's rise to power in 1933. If we consider that the Netherlands East Indies covers an area of 733,677 square miles, a territory roughly $\frac{1}{4}$ of the continental United States, it is obvious that the defense of these more than 3000 islands is not an easy task.

In 1939 the Royal Navy in the Netherlands Indies consisted of two light cruisers, one flotilla leader, eight destroyers, fourteen submarines and a number of smaller ships. Just before war broke out in the Netherlands, in 1940, plans were ready for submission to Parliament providing for a Navy with a number of battle-cruisers. These ships were to be built in the shipyards of the Netherlands but the invasion made the realization of these plans impossible. Thus the Far Eastern fleet consists only of cruisers, destroyers, submarines, small ships, auxiliary craft and, perhaps most important of all, the fleet air force. Several units of the European part of the fleet, which escaped the Nazis almost entirely, have been added to the Far Eastern fleet although for obvious reasons no figures can be given on the present actual naval strength of the Indies. Special naval defense measures have been taken that cannot be disclosed. Since the invasion of Holland several times the normal quantities of provisions for upkeep and repair of the fleet were used in the naval base at Sourabaya. In an astonishingly short time the Sourabaya naval base has become a formidable stronghold, as well as a base and a production center for the Navy. It was naturally impossible to establish at short notice shipyards for the construction of the modern large-sized men-of-war. However, after strenuous efforts it became possible in a relatively short time to build patrol-boats, mosquito boats, submarine-chasers, minelayers and minesweepers.

The pride of the fleet is the air-arm, started several years before the war. For a territory as vast as the Indies the

task of the naval air force is of the greatest importance. The planes are the eyes of the fleet, scouting across thousands of miles of ocean. In the past year numerous planes have been bought in the United States. The relations with the Glenn L. Martin factory date back to 1915 and the Indies is probably one of the oldest clients of this firm. In that year the Glenn Martin hydroplane with a six-cylinder Hall Scott motor of 125 h.p. was bought for use in the Netherlands Indies. A year later the Indies purchased the latest type of the Martin hydroplane.

In the years 1920-1930 various European machines were bought, including a number of Netherlands Fokker planes. After that mostly American planes were ordered again: the Curtiss Hawk Conqueror, Glenn Martins and, recently, Curtiss Hawks, Curtiss Falcons and Brewsters.

Only a short while ago the population of the Indies was considerably cheered by the news that a large number of American "Catalina" flying boats will be added to the air power of the N. E. I.

At present the air strength of the Dutch East Indies comprises more than 600 modern first-line planes. It is evident that this means a substantial contribution to the defense of the Pacific area stretching from Burma and Singapore to Australia.

The Royal Netherlands Indies Army has also made amazing strides in the past few years. It consists of a permanent nucleus of professional soldiers, supplemented in time of mobilization by Europeans subject to military duty, native reserves and native auxiliaries.

The professional army is on long-term contracts so that it consists of well-trained professional soldiers. Among them one finds representatives of nearly all the population groups of the island territories: Javanese, Amboinese, Menadonese, Sumatrans, Timorese, Makassars and many other nationali-

ties. The natives in the Army have a chance to rise to the higher ranks; even the officer's rank is not closed to them. The native officers act as leaders of both native and European soldiers so that the democratic principle is duly respected.

A general military service has been introduced for Netherlands subjects in the Indies. They form part of the regular army and fight side by side with the soldiers of the volunteer service.

As the system of volunteers with long-term contracts has proved very costly, a trial was made a few years ago with volunteer natives on short engagements. Under this system the men stay from one to three years in actual service; after this they remain on call as reserves, during which time a month of each year must be spent in active service.

The native auxiliary corps are organizations consisting entirely of natives and commanded by native officers, although they are formed, armed and equipped in the same way as the standing army.

On July 11th an unprecedented measure was taken: compulsory military service for the natives was introduced and more than \$10,000,000 was appropriated to make it effective in 1941. The council acted by a vote of 43 to 4 after swift consideration of the measure in four sessions. The four dissenting votes were cast by representatives of the Free India Party, on the ground that creation of a native militia was inseparable from the whole problem of the constitutional reforms which they planned.

The measure provides for limited conscription of native males between the ages of 18 and 45. They will receive the same pay as Europeans during training periods of one year for the Army and a year and a half for the Navy. The measure on the whole has been welcomed by the natives especially as it guarantees them the same treatment as Euro-

peans. Thus the greatest source of man-power has finally been tapped.

The Dutch Indian government fully realizes that modern warfare demands a large personnel. While the peace-time strength of the Dutch Indian army was about 40,000 men, its present strength has been reliably estimated at 120-150 thousand men. How many men will be drafted has not been disclosed although drafting offices have already opened in several regions.

The fighting value of the natives has been judged differently. Many of the native groups like the Amboinese and the Menadonese are known for their fine fighting qualities although they have, naturally, no experience of mechanized warfare. The technical ability of the natives, especially of the intelligent and cultured Javanese, is quite high. They have been judged to make far better factory workers than the Japanese who lack technical skill and creative ability. As the natives realize quite well that they would fight for their own future and the preservation of a reasonable standard of living, there is no doubt that their heart is in the war efforts of the East Indies.

The strengthening of the army in recent years is evident from the figures for the yearly expenditure to pay professional soldiers: in 1935 this figure was more than \$17,000,000; this year it will be more than \$32,000,000. For the conscripted army \$10,000,000 has been appropriated in the 1941 budget while the estimate for 1941-1942 on this item amounts to \$34,000,000.

Even more startling are the figures for equipment: \$7,000,000 in 1935; \$107,000,000 for 1941. These amounts were used for mechanization of the army and for the improvement of all services. In 1934 the army had approximately 630 motor vehicles with 25,000 h.p.; this year there are 6,000 with a total of 480,000 h.p. All types of equipment

have increased four or five fold, in some instances even ten fold.

The total for all military expenditures was approximately \$80,000,000 in 1939; \$145,000,000 in 1940, while the estimate for 1941 provides for an expenditure of \$154,000,000.

In July it has been announced that the Dutch Indian government was considering the possibility of dispatching an expeditionary force abroad in support of the Allied war effort. Since the Japanese moved into Indo-China it is not very probable that this plan will materialize but it is another indication of the relentless war spirit of the Indies.

A recent government report stated that the financial contribution of the Netherlands Indies to the Netherlands government and the Netherlands Army in England is at the rate of more than \$800,000 per month. A number of officers from the Dutch legion in England received air-training in the Indies and are now en route again to the R.A.F.

The "Joint Prince Bernhard and Spitfire Funds" in the Indies have collected more than \$8,500,000 which enabled the British to purchase more than 120 Hurricanes and Spitfires. One of the squadrons is named "Rotterdam", at the request of the irate Indian planters who are not the type of men to forget wanton destruction.

There is no doubt that the A-B-C-D (American-British-China-Dutch) front finds a determined spirit and firm material support in the Indies.

The necessity for the Indies to face many difficult problems alone has caused the speeding-up of many social and economic processes which were already in the making. Defense measures have influenced the already existing plans for industrialization on a small scale while this industrialization in its turn will gradually increase the standard of living. Thus the Indies has been drawn into the circle of progressing

nations and has already shown its maturity in social and economic matters. The old pattern of a colonial economy has been considerably upset; the Indies can no longer be satisfied to be an exporter of raw materials on the basis of an agricultural economy.

The export of raw materials will always remain the main function of the Indies but to fulfil this function, it needs political security and such industries which are necessary for defense as well as for greater stability in the native standard of living.

Already the economic crisis of 1930, which hit the Indies a little later, had prepared for this development. In a world that began to be divided into economic areas the position of the Indies became threatened while modern technical processes overthrew the old climatological division of production.

Now the Indies has been drawn more and more into an American-British-Chinese-Dutch Indian bloc which has not only a strategical but also an economic role to fulfil. The United States needs the Indies but also the other Pacific countries for a number of vital raw materials like rubber, tin, quinine, copra, kapok, etc. Beyond this economic necessity, there is the still more important political aspect of resisting conquest and lawlessness as a form of settling disputes among nations and achieving national aspirations. Human organization succeeded in establishing always larger social groups: the family developed into the clan, the clan into the tribe, the tribe into the settled rural group, rural groups into towns, the combination of the latter two finally grew into the national state. Since the last war attempts have been made to organize the entire civilized world as a unit. These attempts failed because they were evidently premature. At present there are many indications that an organization in areas, considerably larger than the national states of Europe of the 18th and 19th centuries, is the trend of the

future. If such a development would take place on a historical basis and with respect for long-acquired rights and local traditions, the Netherlands East Indies could maintain its old relations with the mother-country and still become more important to the United States as a supplier of raw materials and a purchaser of industrial products. The Indies is entering a new phase of economic development, and a gradual increase in the standard of living would enable it to become increasingly significant as an importer as well as an exporter.

In the last few years the economic significance of the Indies for the United States has increased rapidly. In 1939 the Dutch East Indies exported 14.9 million guilders (1 guilder = \$0.54) to the United States; in 1940 this figure amounted to 220.9 million guilders. The share of the United States in the total exports rose over the same period from 20% to 33%.

In 1940 the United States took 61% of the islands' rubber exports and 64% of the tin exports; 67% of the exports of manganese ore was shipped to the United States. Netherlands India sent 60% of its palm oil exports to this country, 59% of its tapioca, 72% of its sisal, 40% of its kapok, 38% of its pepper and 32% of its cinchona bark. Coffee exports to the United States in 1940 tripled those of 1939.

Before 1929 the United States imported 15-20% of its rubber from the Dutch East Indies; by 1939 this percentage was 29 and in 1940 35%. The first half year of 1941 shows exports equal to those of 1940. Exports of many products would be considerably larger still if sufficient shipping space could be secured.

The Dutch East Indies always maintained a favorable trade balance. In boom years the excess of exports over imports amounted to as much as 800 or 900 million guilders, while this figure dropped in the depression years to about 250,000,000 guilders. Both imports as well as exports

dropped in quantity due to war conditions but prices increased.

In 1940 the excess balance of exports over imports amounted to 486,000,000 guilders compared with 302,000,000 guilders in 1939. Thus, in spite of increased expenditures, the Dutch East Indies has been able to keep this budget in fairly good shape. For 1941 the deficit on the estimated budget amounts to about 65,000,000 guilders, which does not seem too high on a total budget of more than 660,000,000 guilders.

That the financial situation of the Indies is satisfactory, is proved by the 1941 report of the Javasche Bank, the central bank of issue for the Netherlands East Indies. This bank reports a net profit over the fiscal year 1940 of 1,840,196 guilders, allowing a dividend of 10.7 percent. This profit was 2,241,086 guilders for 1939. The bank's gold stocks increased from 141,100,000 guilders to 336,200,000 guilders, partly due to gold purchases in the United States.

Nevertheless, it remains necessary for the Indies to be careful, because it needs its dollar as well as pound balances for purchases of vitally important materials. A licensing system has been set up to control foreign exchange, which has functioned very smoothly, although restriction had to be placed on imports of consumption goods.

To maintain satisfactory monetary conditions, a control on prices was also introduced after the outbreak of the war. So far, these measures have been applied only in a few instances where defense needs made it imperative to prevent bottlenecks.

The control of prices has been combined with a distribution system to prevent the creation of stocks for secondary needs. Control of prices has the aim to keep prices at a reasonable level, viz. a price in normal relation to the cost of production.

It is not the idea to make the Indies more competitive but only to conform to world trends.

The dominating idea of the economic planning of the Indies is to establish a well-balanced economic system in regard to the surrounding territory and the world economy. The inter-relationship between the various islands of the Archipelago has gradually become more and more important. Sumatra, Borneo and Celebes are indispensable to the population surplus of Java, but they also provide new markets for industrial products. Java, in its turn, needs the rice product of South Celebes, Lombok and Achin, as well as the lumber of these territories or the cattle from the smaller Sunda islands.

In earlier periods export products came to the main harbors, hence the imports were divided. Now direct communication between the various islands has become far more important.

The industries which have started or are under consideration are all of importance for defense or they provide for the domestic market in order to make the Indies less dependent upon economic world conditions. The following are planned at present: The working of bauxite into aluminum; iron and steel manufacture; a sulphate of ammonia factory; a glass factory; manufacture of woodpulp and paper; plywood factories and the expansion of spinning and weaving mills.

The fundamental economic role of the Indies lies in the export of raw materials. The government has stressed repeatedly that it is not the intention to establish export industries but merely to stabilize the military and economic position of the islands.

It is interesting to note that the economic progress of the Indies has functioned as a stimulus for cultural and social progress. The industrialization causes a need for technical schools and higher education, while this again demands the extension of the elementary school system. A large scale plan

has been formed which foresees the creation of 800 elementary schools annually, from 1943 on, with a corresponding number of secondary schools. If we realize that 250 languages and dialects are spoken and that elementary instruction is given in the language of the region, it is evident that the government has set itself a huge task.

Higher education was introduced relatively late in the Indies. In 1920 a technical college was founded, followed in 1924 by a law school and in 1927 by a medical school. Now these colleges are united in a university to which several faculties will be added.

The 1942 budget also provides for 110 new schools in the more primitive areas of New Guinea.

It is natural that the greater economic maturity of the Indies has resulted in a desire to keep the political structure in step with this development. As has been said before, the Indies fully realizes that the greatest independence can be achieved within the framework of the Dutch Empire. Partly this is realistic thinking, partly the more liberal Indonesians acknowledge that, on the whole, Dutch rule has been beneficial to the Indies. Without the aid of the Netherlands the Indies could not have achieved the transition from Malaysian traditionalism to the modern world. Early colonial policies have undeniably their harsh sides, but the tremendous increase in population in the Indies is sufficient proof that the natives have profited from economic progress and political stability. Some natives have felt that Dutch rule had many good points but that it was too autocratic.

After the last war the Dutch felt that the Indies had reached a stage which justified greater political independence. This resulted in the creation of the People's Council, first as an advisory, later as a co-legislative body. This body which was not very popular in the beginning developed more and

more into an organization which can be compared with a Western European parliament.

Recently, the Dutch government showed its appreciation of the firm stand of the Indies as well as its realization of this economic and cultural progress. The Dutch Foreign Minister, Dr. Eelco N. van Kleffens, stated that after the war the political structure of the Dutch Empire will express recognition of the energetic war efforts of the Indies. The Queen has confirmed this in a recent speech.

These statements have inspired a movement in the People's Council for a thorough study of necessary political and administrative reforms. Many of the Volksraad members feel that consideration of the new situation for the Indies should begin at once and not be postponed until after the war.

Some members have suggested that a survey be made by an Imperial Conference or by a representative group. The Volksraad members feel that, at any rate, it is their duty to prepare and discuss necessary reforms. Thus we see that democracy, temporarily blacked out in Europe, is at work in other parts of the world.

Whatever the future may hold, the Netherlands East Indies will continue to fight for a better world in which political freedom will be combined with economic control and stability. This seems to be a possible combination to result from the present political and ideological turmoil. The fact that the Indies realized these trends at an early date should be an indication that it is designated for significant future tasks.











